

AMENDED IN ASSEMBLY JUNE 23, 1997

AMENDED IN ASSEMBLY MAY 13, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

Assembly Constitutional Amendment

No. 9

Introduced by Assembly Members Morrissey and House

February 25, 1997

Assembly Constitutional Amendment No. 9—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Sections 3 and 25 of Article XIII thereof, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

ACA 9, as amended, Morrissey. Property taxation: veterans' exemption.

The California Constitution provides for a \$1,000 exemption from property taxation for property of veterans, unmarried spouses of deceased veterans, or parents of deceased veterans, as specified. An unmarried person who owns property valued at \$5,000 or more, a married person who, together with his or her spouse, owns property valued at \$10,000 or more, or the unmarried spouse of a deceased veteran who owns property in excess of \$10,000 is ineligible for the exemption. The California Constitution also provides for a homeowners' property tax exemption in the amount of \$7,000.

This measure would increase that veterans' exemption to \$7,700 in the case in which that exemption is claimed exclusively with respect to real property, and would, in the

same case, remove the limitations on eligibility for the exemption for persons owning property in excess of those specified amounts. This measure would also provide that if the homeowners' property tax exemption is increased above the amount of \$7,000, the amount of the veterans' exemption shall, in the case in which the exemption is claimed exclusively with respect to real property, be increased to 110% of the homeowners' exemption. *The bill would prohibit a veteran's exemption claim if a homeowners' exemption is claimed by a person eligible to claim the veteran's exemption.*

The California Constitution requires the Legislature to provide reimbursements to each local government for revenue lost because of the homeowners' exemption.

This measure would also require the Legislature to provide reimbursements to each local government for revenue lost because of the above veterans' exemptions.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring, That*
2 *the Legislature of the State of California at its 1997–98*
3 *Regular Session commencing on the second day of*
4 *December 1996, two-thirds of the membership of each*
5 *house concurring, hereby proposes to the people of the*
6 *State of California that the Constitution of the State be*
7 *amended as follows:*

8 First—That Section 3 of Article XIII thereof is amended
9 to read:

10 SEC. 3. The following are exempt from property
11 taxation:

12 (a) Property owned by the State.

13 (b) Property owned by a local government, except as
14 otherwise provided in subdivision (a) of Section 11.

15 (c) Bonds issued by the State or a local government in
16 the State.

17 (d) Property used for libraries and museums that are
18 free and open to the public and property used exclusively
19 for public schools, community colleges, state colleges, and
20 state universities.



1 (e) Buildings, land, equipment, and securities used
2 exclusively for educational purposes by a nonprofit
3 institution of higher education.

4 (f) Buildings, land on which they are situated, and
5 equipment used exclusively for religious worship.

6 (g) Property used or held exclusively for the
7 permanent deposit of human dead or for the care and
8 maintenance of the property or the dead, except when
9 used or held for profit. This property is also exempt from
10 special assessment.

11 (h) Growing crops.

12 (i) Fruit and nut trees until 4 years after the season in
13 which they were planted in orchard form and grapevines
14 until 3 years after the season in which they were planted
15 in vineyard form.

16 (j) Immature forest trees planted on lands not
17 previously bearing merchantable timber or planted or of
18 natural growth on lands from which the merchantable
19 original growth timber stand to the extent of 70 percent
20 of all trees over 16 inches in diameter has been removed.
21 Forest trees or timber shall be considered mature at that
22 time after 40 years from the time of planting or removal
23 of the original timber when so declared by a majority vote
24 of a board consisting of a representative from the State
25 Board of Forestry, a representative from the State Board
26 of Equalization, and the assessor of the county in which
27 the trees are located.

28 The Legislature may supersede the foregoing
29 provisions with an alternative system or systems of taxing
30 or exempting forest trees or timber, including a taxation
31 system not based on property valuation. Any alternative
32 system or systems shall provide for exemption of
33 unharvested immature trees, shall encourage the
34 continued use of timberlands for the production of trees
35 for timber products, and shall provide for restricting the
36 use of timberland to the production of timber products
37 and compatible uses with provisions for taxation of
38 timberland based on the restrictions. Nothing in this
39 paragraph shall be construed to exclude timberland from
40 the provisions of Section 8 of this article.

(k) \$7,000 of the full value of a dwelling, as defined by the Legislature, when occupied by an owner as his or her principal residence, unless the dwelling is receiving another real property exemption. The Legislature may increase this exemption and may deny it if the owner received state or local aid to pay taxes either in whole or in part, and either directly or indirectly, on the dwelling.

No increase in this exemption above the amount of \$7,000 shall be effective for any fiscal year unless the Legislature increases the rate of state taxes in an amount sufficient to provide the subventions required by Section 25.

If the Legislature increases the homeowners' property tax exemption, it shall provide increases in benefits to qualified renters, as defined by law, comparable to the average increase in benefits to homeowners, as calculated by the Legislature.

(l) Vessels of more than 50 tons burden in this State and engaged in the transportation of freight or passengers.

(m) Household furnishings and personal effects not held or used in connection with a trade, profession, or business.

(n) Any debt secured by land.

(o) Property in the amount of \$7,700 in the case in which an exemption is claimed exclusively with respect to real property, and property in the amount of \$4,000 in all other cases, of a claimant who—

(1) is serving in or has served in and has been discharged under honorable conditions from service in the United States Army, Navy, Air Force, Marine Corps, Coast Guard, or Revenue Marine (Revenue Cutter) Service; and

(2) served either

(i) in time of war, or

(ii) in time of peace in a campaign or expedition for which a medal has been issued by Congress, or

(iii) in time of peace and because of a service-connected disability was released from active duty; and

1 (3) resides in the State on the current lien date.

2 In the case in which this exemption is claimed, in whole
3 or in part, with respect to personal property, an
4 unmarried person who owns property valued at \$5,000 or
5 more, or a married person, who, together with his or her
6 spouse, owns property valued at \$10,000 or more, is
7 ineligible for this exemption.

8 If the claimant is married and does not own property
9 eligible for the full amount of the exemption, property of
10 the spouse shall be eligible for the unused balance of the
11 exemption.

12 (p) Property in the amount of \$7,700 in the case in
13 which an exemption is claimed exclusively with respect
14 to real property, and property in the amount of \$4,000 in
15 all other cases, of a claimant who—

16 (1) is the unmarried spouse of a deceased veteran who
17 met the service requirement stated in paragraphs (1) and
18 (2) of subdivision (o), and

19 (2) in the case in which an exemption is claimed in
20 whole or in part with respect to personal property, does
21 not own property in excess of \$10,000, and

22 (3) is a resident of the State on the current lien date.

23 (q) Property in the amount of \$7,700 in the case in
24 which an exemption is claimed exclusively with respect
25 to real property, and property in the amount of \$4,000 in
26 all other cases, of a claimant who—

27 (1) is the parent of a deceased veteran who met the
28 service requirement stated in paragraphs (1) and (2) of
29 subdivision (o), and

30 (2) receives a pension because of the veteran's service,
31 and

32 (3) is a resident of the State on the current lien date.

33 Either parent of a deceased veteran may claim this
34 exemption.

35 In the case in which this exemption is claimed, in whole
36 or in part, with respect to personal property, an
37 unmarried person who owns property valued at \$5,000 or
38 more, or a married person, who, together with his or her
39 spouse, owns property valued at \$10,000 or more, is
40 ineligible for this exemption.

1 (r) No individual residing in the State on the effective
2 date of this amendment who would have been eligible for
3 the exemption provided by previous Section 1¹/₄ of this
4 article had it not been repealed shall lose eligibility for the
5 exemption as a result of this amendment.

6 (s) If the homeowners' property tax exemption
7 provided for in subdivision (k) is increased above the
8 amount of \$7,000, then the amount of the veterans'
9 exemption provided for in subdivisions (o), (p), and (q)
10 shall, in the case in which the veterans' exemption
11 provided for in subdivisions (o), (p), and (q) is claimed
12 exclusively with respect to real property, be increased to
13 110 percent of the homeowner's exemption.

14 *(t) If the homeowners' property tax exemption*
15 *provided for in subdivision (k) is claimed by a person who*
16 *is eligible to claim an exemption under subdivision (o),*
17 *(p), or (q), an exemption may not be claimed by that*
18 *person pursuant to subdivision (o), (p), or (q).*

19 Second—That Section 25 of Article XIII thereof is
20 amended to read:

21 SEC. 25. The Legislature shall provide, in the same
22 fiscal year, reimbursements to each local government for
23 revenue lost because of subdivisions (k), (o), (p), and (q)
24 of Section 3.

